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Subcommittee on General Farm Commodities and Risk Management
Subcommittee on Conservation, Credit, Rural Development and Research
Committee on Agriculture
U.S. House of Representatives

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Good morning, Mr. Chairman and Members of the Subcommittees. I am Neal Bredehoeft, a soybean farmer from Alma, Missouri. I currently serve as President of the American Soybean Association, which represents 26,000 soybean producers on national issues of importance to all U.S. soybean farmers. ASA very much appreciates the opportunity to appear before you today.

Mr. Chairman and Members of the Subcommittees, let me first thank you for holding this hearing. Soybean rust is a top priority of the American Soybean Association. During the past two years, ASA has been the leader in soybean rust education. We have provided continuous information to our 26,000 members, and nearly 2,000 producers have participated in seminars hosted by ASA in cooperation with USDA and industry partners. Through print, radio and the Internet, ASA has reached more than 250,000 U.S. soybean producers over the last two years. We produced and distributed 60,000 copies of the 20-page ASA Soybean Rust Reference Guide.

The United States is the world's leading soybean producer and exporter. The farm value of soybean production last year was $18 billion, second only to corn among U.S. crops. Soybeans are planted on one-third of total U.S. row crop acreage. To prevent significant market disruptions to other U.S. crops, successfully combating soybean rust must be a priority for the U.S. Government.

ASA has worked cooperatively with the government and all sectors of the soybean industry in preparing for the arrival of soybean rust. I would like to express our appreciation to the many agencies of the federal government that we have worked with, including USDA's Animal and Plant Health Inspection Service (APHIS), Office of Pest Management Policy (OPMP), Agricultural Research Service (ARS), Cooperative State Research Education, and Extension Service (CSREES), Risk Management Agency (RMA), and Foreign Agricultural Service (FAS). We appreciate that earlier this month USDA provided funding for soybean rust surveillance and monitoring.

The Environmental Protection Agency (EPA) deserves recognition for their work to register fungicides, especially for their attention to soybean rust before it was confirmed in the United States. Finally, Congress provided just over $1 million for research on developing rust resistant varieties of soybeans in the FY2005 Consolidated

Appropriations Act. We appreciate that Congress is looking to the long-term solution to soybean rust, and ask that these efforts be expanded in this year's appropriations process.

The contributions of soybean farmers in preparing for soybean rust have been significant, and played a critical role in getting U.S. research off the ground. Through national and state checkoffs, soybean farmers have already contributed nearly $2.7 million of their own money to rust research and monitoring.

The confirmation of rust in the Southeastern United States last November gave farmers and industry the chance to focus on preparedness over the winter. I am pleased to say that we are better prepared to manage soybean rust as a result of all these efforts.

Still, there is much work ahead of us. When the Economic Research Service (ERS) published its report about the economic and policy implications of soybean rust one year ago, they assumed that an effective public surveillance and monitoring capability would be in place, that cost-effective fungicides would be available in the amounts needed by farmers, and that public programs would be able to provide farmers with the expertise needed to respond to a soybean rust infestation. Unfortunately, none of these assumptions had been realized when ERS published their report which, even under those conditions, projected first year losses of $640 million to $1.3 billion. We are closer to having those conditions in place today, but the extent of losses this year and in subsequent years will determine if our first steps toward preparedness have been adequate.

ASA continues to have grave concerns that, despite the time and effort put into preparing for soybean rust, we may still see the following outcomes on some farms or in some areas of the country:

- Detection and USDA confirmation will come too late for effective treatment to prevent significant yield losses
- Fungicide supplies will be inadequate or improperly distributed; and
- Shortages of application equipment or custom applicators will occur.

Another area of serious concern is federal crop insurance. I understand that the Committee will hold a separate hearing on crop insurance next week, and so I will not focus on that issue today. However, soybean farmers have real concerns that despite our best efforts to protect ourselves through the insurance program, our losses will not be covered and disaster assistance will be necessary. The criteria for paying indemnities due to soybean rust seem terribly subjective to farmers: There is no certainty with this disease as to when to spray, when it's too late to spray, what product to spray, how many times to spray, and the list goes on. In short, the possibility that a farmer will buy crop insurance and still not have his claim paid is very real. We know that first-year losses to rust were $1 billion in Brazil, and ERS has projected similar losses for the United States. It is imperative that soybean farmers have better and more clear information about the steps they must take in order to be confident that losses due to this disease will be fully covered.

I'd like to focus on two issues of paramount concern to ASA: fungicide availability and soybean rust research.

We have made great strides in making sure a variety of fungicides are registered to treat rust, which is critical since fungicides are the only management tool we have today. Thanks to diligent efforts from EPA, USDA, and the states, we now have 10 fungicides approved for use on rust, with eight of those approvals coming through the Section 18 process. Because some fungicides are manufactured by more than one company and because generics are available for some compounds, there now are 18 products available for farmers to buy.

However, we still do not know if there will be enough fungicides available, or if they will be in the places where farmers need them. Rumors abound in the countryside about shortages and hoarding. Farmers in the South question whether the supply will all go to the Midwest and vice versa. A new Section 18 application with an additional nine fungicides has recently been submitted to EPA, based at least partly on concerns about adequate supply.

Of course, private industry must make decisions about production and distribution based on their own projections, and no company is in the charity business. Yet we fear that if rust is widespread this year – meaning 30 or 40 million acres out of about 75 million planted soybean acres requiring one or more fungicide applications – we will be in an emergency situation with fungicide availability. Some and perhaps many farmers will not be able to buy them in time. Price gouging may occur. It is easy to envision how the system could be overwhelmed.

ASA continues to believe that only the federal government, in this case the Department of Agriculture, can undertake the task of coordinating with the private sector to ensure a sufficient supply of fungicides. We continue to see need for USDA to take the leadership role in coordinating with fungicide manufacturers and distributors to determine what supplies are available and make sure they are accessible to farmers across the country. Concerns have been expressed by farmers that limited supplies of fungicides will go to regions of the country where margins are highest on soybean production and that fungicides will be less available, if at all, in areas where yields are not as high. This is a market-driven business, after all, and marketing plans will move product to the places where farmers have the highest investment to protect.

ASA strongly encourages USDA to take these coordination steps so that farmers have confidence in availability of the products they need, when they need them, at a reasonable price. This is, after all, the scenario the Economic Research Service assumed would be in place a year ago.

Secondly, ASA asks that Congress and the Administration maintain a longer-term vision and increase funding for research efforts on soybean rust. ASA has asked Congress for an additional $2.1 million in soybean rust research for FY2006. This funding will locate and determine the function of genes involved in rust resistance, as well as translate genomics information from other legume crops like Phaseolus and model legumes to soybeans. To interpret, Asian soybean rust resistance has been reported in Phaseolus,

or common bean, which is a legume like soybeans. This research would identify and locate the genes that provide rust resistance in the common bean and transform those genes into soybeans. Developing rust-resistant soybean varieties is the long-term solution to economically and successfully conquering this disease. In the absence of the development of rust-resistant varieties, the application of costly fungicides is the only management tool available to farmers today. We strongly urge Congress to provide an additional $2.1 million in funding in the FY2006 appropriations process to help us defeat soybean rust and maintain soybeans as a viable cropping opportunity.

Mr. Chairman, on behalf of the American Soybean Association, thank you for convening this hearing and allowing me to share what we see as accomplishments and concerns as we head into our first year of soybean production with an undetermined but certainly dangerous threat. We appreciate your interest in our industry and look forward to a successful growing season.